



CHILD ADVOCATES OF SILICON VALLEY, INC.

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2023 AND 2022



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Child Advocates of Silicon Valley, Inc.
Milpitas, California

Opinion

We have audited the financial statements of Child Advocates of Silicon Valley, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Child Advocates of Silicon Valley, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Child Advocates of Silicon Valley, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Child Advocates of Silicon Valley, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are available to be issued.



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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Child Advocates of Silicon Valley, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Child Advocates of Silicon Valley, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.



September 29, 2023

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENTS OF FINANCIAL POSITION

Assets

	June 30,	
	2023	2022
Current assets:		
Cash	\$ 1,958,658	\$ 943,951
Accounts receivable	196,514	315,415
Contributions receivable	52,051	128,603
Employee Retention Credit receivable	-	86,700
Investments - Board reserves	530,312	514,173
Prepaid expenses and deposits	50,233	34,367
Total current assets	2,787,768	2,023,209
Property and equipment, net	38,251	43,710
Investments - Board designated endowment	3,537,106	3,269,448
	<u>\$ 6,363,125</u>	<u>\$ 5,336,367</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable	\$ 57,130	\$ 58,554
Accrued liabilities	342,436	315,711
Paycheck Protection Program loan payable	-	503,000
Total current liabilities	399,566	877,265
Net assets:		
Without donor restrictions:		
Undesignated	1,380,306	430,668
Board designated reserves	530,312	514,173
Board designated endowment	3,537,106	3,269,448
Property and equipment fund	38,251	43,710
Total net assets without donor restrictions	5,485,975	4,257,999
With donor restrictions:		
Purpose restricted	425,533	72,500
Time restricted	52,051	128,603
Total net assets with donor restrictions	477,584	201,103
Total net assets	5,963,559	4,459,102
	<u>\$ 6,363,125</u>	<u>\$ 5,336,367</u>

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30,					
	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Grants from government agencies	\$ 1,190,667	\$ -	\$ 1,190,667	\$ 1,359,765	\$ -	\$ 1,359,765
Contributions from foundations, corporations and individuals	1,888,129	460,084	2,348,213	1,430,160	183,603	1,613,763
In-kind contributions	325,317	-	325,317	288,746	-	288,746
Forgiveness of Paycheck Protection Program loan	503,000	-	503,000	-	-	-
Employee Retention Credit	211,688	-	211,688	-	-	-
Net investment income (loss)	290,035	-	290,035	(434,507)	-	(434,507)
Contributions and revenue from special events, net of direct benefit to donor costs of \$63,110 and \$58,125, respectively	509,453	-	509,453	563,710	-	563,710
Net assets released from restriction	183,603	(183,603)	-	148,596	(148,596)	-
Total revenue and support	5,101,892	276,481	5,378,373	3,356,470	35,007	3,391,477
Functional expenses:						
Program services	2,793,025	-	2,793,025	2,785,700	-	2,785,700
General and administrative	518,934	-	518,934	382,400	-	382,400
Fundraising	561,957	-	561,957	529,085	-	529,085
Total functional expenses	3,873,916	-	3,873,916	3,697,185	-	3,697,185
Change in net assets	1,227,976	276,481	1,504,457	(340,715)	35,007	(305,708)
Net assets, beginning of year	4,257,999	201,103	4,459,102	4,598,714	166,096	4,764,810
Net assets, end of year	<u>\$ 5,485,975</u>	<u>\$ 477,584</u>	<u>\$ 5,963,559</u>	<u>\$ 4,257,999</u>	<u>\$ 201,103</u>	<u>\$ 4,459,102</u>

See accompanying independent auditor's report and notes to financial statements.

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 1,885,216	\$ 250,593	\$ 178,253	\$ 2,314,062
Payroll taxes	143,669	19,097	13,585	176,351
Benefits	164,212	21,828	15,527	201,567
Total personnel expenses	2,193,097	291,518	207,365	2,691,980
Professional services	65,513	99,340	32,636	197,489
Special events	-	-	187,584	187,584
Contributed office space	93,884	12,480	8,877	115,241
Contributed services	-	2,528	102,829	105,357
Contributed supplies	102,117	-	2,602	104,719
Dues and subscriptions	33,597	42,417	22,737	98,751
Occupancy	75,126	9,986	7,104	92,216
Program materials and supplies	72,269	-	-	72,269
Office supplies	31,257	9,566	17,798	58,621
Marketing	56,878	806	-	57,684
Employee development	24,177	10,194	3,179	37,550
Bank and processing fees	-	4,592	26,455	31,047
Depreciation	15,631	2,078	1,478	19,187
Insurance	-	14,545	-	14,545
Bad debt	-	13,774	-	13,774
Travel and transportation	5,909	4,862	1,682	12,453
Miscellaneous	23,570	248	2,741	26,559
Total expenses	2,793,025	518,934	625,067	3,937,026
Less direct benefit to donor costs	-	-	(63,110)	(63,110)
Total functional expenses	<u>\$ 2,793,025</u>	<u>\$ 518,934</u>	<u>\$ 561,957</u>	<u>\$ 3,873,916</u>

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

	Program Services	General and Administrative	Fundraising	Total
Salaries and wages	\$ 1,778,866	\$ 226,973	\$ 223,749	\$ 2,229,588
Payroll taxes	152,192	19,419	19,143	190,754
Benefits	169,381	21,612	21,305	212,298
Total personnel expenses	2,100,439	268,004	264,197	2,632,640
Professional services	95,927	41,017	51,325	188,269
Special events	-	-	115,858	115,858
Contributed office space	101,498	12,950	12,767	127,215
Contributed services	20,693	-	65,390	86,083
Contributed supplies	75,448	-	-	75,448
Dues and subscriptions	43,084	4,693	-	47,777
Occupancy	135,408	17,277	17,032	169,717
Program materials and supplies	53,494	-	-	53,494
Office supplies	11,100	8,183	20,383	39,666
Marketing	70,731	210	-	70,941
Employee development	33,342	4,254	120	37,716
Bank and processing fees	-	1,196	30,203	31,399
Depreciation	29,535	3,769	3,715	37,019
Insurance	-	16,559	-	16,559
Travel and transportation	400	1,907	84	2,391
Miscellaneous	14,601	2,381	6,136	23,118
Total expenses	2,785,700	382,400	587,210	3,755,310
Less direct benefit to donor costs	-	-	(58,125)	(58,125)
Total functional expenses	<u>\$ 2,785,700</u>	<u>\$ 382,400</u>	<u>\$ 529,085</u>	<u>\$ 3,697,185</u>

CHILD ADVOCATES OF SILICON VALLEY, INC.

STATEMENTS OF CASH FLOWS

	Year Ended June 30,	
	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ 1,504,457	\$ (305,708)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,187	37,019
Net realized/unrealized (gain) loss on investments	(190,639)	531,195
Forgiveness of Paycheck Protection Program loan	(503,000)	-
Changes in assets and liabilities:		
Accounts receivable	118,901	(59,372)
Contributions receivable	76,552	(128,603)
Employee Retention Credit receivable	86,700	-
Prepaid expenses and deposits	(15,866)	(24,454)
Accounts payable	(1,424)	7,548
Accrued liabilities	26,725	(52,956)
Net cash provided by operating activities	1,121,593	4,669
Cash flows from investing activities:		
Purchases of property and equipment	(13,728)	(6,304)
Purchases of investments	(1,271,868)	(1,482,583)
Proceeds from the sales of investments	1,178,710	340,636
Net cash used in investing activities	(106,886)	(1,148,251)
Net increase (decrease) in cash	1,014,707	(1,143,582)
Cash, beginning of year	943,951	2,087,533
Cash, end of year	\$ 1,958,658	\$ 943,951
Non-cash investing and financing activities:		
Forgiveness of Paycheck Protection Program loan	\$ 503,000	\$ -

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 1 - Nature of operations

Child Advocates of Silicon Valley, Inc. (the "Organization") is an independent nonprofit 501(c)(3) organization founded in 1986. The Organization serves children aged birth to 21 years old who are placed in the Santa Clara County Dependency Court System (commonly referred to as foster care) for having experienced trauma in the form of abuse, neglect and/or abandonment. The Organization serves children in foster care by:

- ensuring every child, who needs one, has a Court Appointed Special Advocate (CASA) Volunteer;
- building enduring community partnerships to broaden and strengthen our impact;
- influencing local policies and decisions that affect the children we serve.

The Organization is responsible for operating the Court Appointed Special Advocates (CASA) Program in Santa Clara County, which entails recruiting, training and supporting CASA Volunteers according to the National CASA Association standards.

Note 2 - Summary of significant accounting policies

Basis of accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial statement presentation

Under GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without donor restrictions - net assets that are not subject to donor-imposed restrictions. These funds record the net assets over which the Board of Directors has discretionary control and which are used to carry out operations of the Organization in accordance with its bylaws.

With donor restrictions - net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Includes resources currently available for use, but expendable only for those operating purposes specified by the donor or funding source. Resources of this fund originate from gifts, grants, and bequests.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates used in preparing these financial statements include the allowance for doubtful accounts, useful lives of property and equipment, value of donated facilities, materials and services and functional expense allocations. Actual results could differ from these estimates.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Investments and endowment assets

Investments in marketable securities with readily determinable fair values are reported at their fair values in the statements of financial position. Realized and unrealized gains and losses are reflected as increases or decreases in net assets without donor restrictions, unless their use has been restricted by donors. Investment earnings from the Board designated endowment assets are classified within the net assets without donor restrictions category.

Accounts receivable

Accounts receivable arise principally from charges to funding sources, generally in proportion to current expenses incurred. The Organization records an allowance for doubtful accounts based on specifically identified amounts that it believes are uncertain and records additional allowances based upon certain percentages of aged receivables, which are determined based on historical experience and consideration of the general financial conditions that may affect payment. As of June 30, 2023 and 2022, the Organization did not recognize an allowance for doubtful accounts.

Employee Retention Credit receivable

In March 2020, the U.S. Congress enacted the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), which among other things contains provisions for an Employee Retention Credit ("ERC"). The ERC allows for a refundable tax credit against certain employment taxes equal to 50% of \$10,000 in qualified wages paid to each employee commencing on March 13, 2020 and through December 31, 2020. For 2021, the credit is equal to 70% of \$10,000 in qualified wages in each quarter paid beginning January 1, 2021, through September 30, 2021. To be eligible for the credit, the Organization must (i) have had operations fully or partially suspended because of a shut-down order from a governmental authority related to the COVID-19 pandemic, or (ii) have had gross receipts decline by more than 50% in a calendar quarter in 2020, when compared to the same quarter in 2019 to qualify for credit in 2020, and more than 20% decline in any 2021 calendar quarter when compared to the same quarter in 2019 to qualify for the credit in 2021. Qualified wages are those wages including health care costs paid to any employee during the period the operations were suspended or the period of the decline in gross receipts. The Organization filed for the 2020 ERC in August 2021 and recognized a receivable in the amount of \$86,700 during the year ended June 30, 2021. During the year ended June 30, 2023, the Organization completed a calculation for additional 2020 ERC in the amount of \$50,375 and \$161,313 for 2021 ERC and recognized \$211,688 of related revenue. All outstanding ERC receivable balances were collected during the year ended June 30, 2023.

Contributed support

Contributions are recognized as receivables when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected in future years are recognized at fair value based on discounted cash flows. The discount on these amounts is computed using the rate applicable in the year the promises were received. Amortization of the discount is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the original contribution. Contributions of assets other than cash are recorded at their estimated fair value at the date of donation. The contributions receivable at June 30, 2023 are expected to be collected within twelve months.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Contributed support (continued)

Conditional promises to give are not recognized until the conditions on which they depend are substantially met. As of June 30, 2023, the Organization had received one conditional contribution, which included an outstanding amount of \$214,730, for which not all of the conditions had been met and which requires a satisfaction of imposed requirements and a subsequent evaluation by the grantor. As of June 30, 2022, the Organization had two conditional contributions in the amount of \$165,000 for which not all of the conditions had been met, including a matching grant and a grant requiring a completion of measurable outcome and its subsequent evaluation by the grantor. These conditional contributions were recognized during the year ended June 30, 2023.

Recognition of donor restrictions

Revenue and support that is restricted by the donor is reported as an increase in net assets without donor restrictions, if the restriction expires or is fulfilled by actions of the Organization in the reporting period in which the revenue and support is recognized. All other donor-restricted revenue and support is reported as an increase in net assets with donor restrictions depending on the nature of the restriction. When a restriction expires or is fulfilled by actions of the Organization, net assets with donor restrictions are released to net assets without donor restrictions.

In-kind support

The Organization records various types of in-kind support for professional services. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets or the use thereof is recognized when promised or received, whichever is earlier. The amounts reflected in the accompanying financial statements as in-kind support are offset by like amounts included in operating expenses, or in the case of long-term assets, over the period benefited.

The Organization reports the fair value of donated goods and services meeting recognition criteria under U.S. GAAP as public support and as expense, based on estimated fair value. During the year ended June 30, 2023, the Organization monetized \$105,426 of contributed nonfinancial assets for auction sales. All other contributed nonfinancial assets were utilized in programs and activities as described in Note 9. Contributed nonfinancial assets did not have donor restrictions.

Revenue recognition - contract with customers

Grant revenue

The Organization reports grant revenue at the amounts that reflect the consideration to which the Organization expects to be entitled in exchange for services provided. These amounts are due from third-party payers, with the majority of the grant revenue coming from local nonprofit organizations and local, state and federal governmental agencies. The grant revenue is recognized when invoices are issued for reimbursement of costs incurred during the period the services are performed. The transaction prices for the services provided are dependent upon the terms provided by or negotiated with the third-party payers.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Revenue recognition - contract with customers (continued)

Grant revenue (continued)

The Organization determines performance obligations based on the nature of the services the Organization provides. Revenue generated from contracts with nonprofit organizations and governmental agencies is recognized over time as actual services are provided, because control is transferred continuously to the customers. The Organization is using a cost-based input method to recognize revenue as the Organization believes that this method provides a faithful depiction of the transfer of services based on the inputs needed to satisfy the obligations.

All program services are delivered to the children primarily in Santa Clara County. All of these revenue streams are short-term in nature and do not have any significant financing components as payments are generally received shortly after the services are provided.

Contract liabilities

Contract liabilities represents amount received in advance from grants for which the services have not yet been performed. The Organization does not have any contract liabilities at June 30, 2023 and 2022.

The following represents the Organization's opening and ending balances of accounts receivable:

	July 1, 2021	June 30, 2022	June 30, 2023
Accounts receivable	\$ 256,043	\$ 315,415	\$ 196,514

Property, equipment, and depreciation

The Organization capitalizes property and equipment acquisitions over \$1,000. Purchased property and equipment are stated at cost less accumulated depreciation. Donated property and equipment are recorded at their estimated fair value at the time of the donation. Leasehold improvements are amortized over the shorter of the remaining useful life of the assets or the term of the lease. Currently, the Organization expenses all leasehold improvements due to the short term nature of the lease. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

Computers and equipment	5 years
Furniture and fixtures	5 years

Fair value measurements

The Organization measures and discloses fair value measurements as required by the Fair Value Measurements and Disclosures Topic of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Fair value measurements (continued)

Fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or a liability. As a basis for considering such assumptions, the FASB establishes a three-tier value hierarchy, which prioritizes the inputs used in the valuation methodologies in measuring fair value. The three-tiers are defined as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets. The Organization's valuation methodology for Level 1 is based upon quoted market prices. Inputs are obtained from various sources including market participants, dealers, brokers, and financial institutions.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the same term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurements.

The fair value hierarchy also requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Functional allocation of expenses

The costs of providing various program services and general and administrative expenses have been summarized on a functional basis in the statement of functional expenses. Directly identifiable expenses are charged to the related program or supporting services benefited. Accordingly, certain costs have been allocated among program services and supporting services based on management's estimates. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Tax-exempt status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the Revenue and Taxation Code of the State of California. Accordingly, no provision for income taxes or related credits is included in these financial statements. The Organization is not a private foundation under Section 509(a)(i) and 170(b)(a)(vi) of the Internal Revenue Code.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 2 - Summary of significant accounting policies (continued)

Tax-exempt status (continued)

The Organization has adopted the accounting standard related to uncertainties in income taxes. The Organization evaluates uncertain tax positions through its review of the source of revenue to identify unrelated business income and certain other matters, including those which may affect its tax exempt status. Management believes their estimates related to income tax uncertainties are appropriate based on the current facts and circumstances.

The Organization's federal Return of Organization Exempt from Income Tax (Form 990) for years ended June 30, 2020 and after are subject to examination by the IRS, generally for three years after they are filed. The Organization's state returns (Form 199) for the years ended June 30, 2019 and after could be subject to examination by state taxing authorities, generally for four years after they are filed.

New accounting pronouncements - not yet adopted

In 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the statement of activities will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the fiscal year beginning July 1, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU on its financial statements.

Other accounting pronouncements that have been enacted but not yet implemented are not expected to have a material impact on the Organization's financial statements.

Subsequent events

In preparing its financial statements, the Organization has evaluated subsequent events through September 29, 2023, which is the date the financial statements were available to be issued.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 3 - Liquidity and availability of resources

The following table reflects the Organization's financial assets as of June 30, 2023 and 2022, reduced by amounts not available for general expenditure within one year from this date. Financial assets are considered to be unavailable when illiquid or not readily convertible to cash within one year.

Financial assets available to meet cash needs for general expenditures within one year of June 30, 2023 and 2022 are as follows:

	June 30,	
	2023	2022
Financial assets:		
Cash and cash equivalents	\$ 1,958,658	\$ 943,951
Accounts receivable	196,514	315,415
Contributions receivable	52,051	128,603
Employee Retention Credit receivable	-	86,700
Investments	4,067,418	3,783,621
Financial assets, at June 30	6,274,641	5,258,290
Less:		
Accounts payable and accrued liabilities	(399,566)	(374,265)
Amounts unavailable to management without Board approval	(4,067,418)	(3,783,621)
	(4,466,984)	(4,157,886)
Total financial assets and liquidity resources available within one year	\$ 1,807,657	\$ 1,100,404

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 4 - Investments and fair value measurements

The Organization holds separate investment accounts at a brokerage firm. The investments are recorded at fair value and are invested in money market funds, mutual funds, and exchange traded funds.

Following are the major categories of assets measured at fair value on a recurring basis. This table also represents the Organization's entire Board designated investment portfolio.

	Assets at Fair Value as of June 30, 2023			
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Money market funds	\$ 66,817	\$ 66,817	\$ -	\$ -
Certificate of deposit	499,975	499,975		
Mutual funds:				
Equity funds	375,213	375,213	-	-
Bond funds	656,703	656,703	-	-
Exchange traded funds	2,468,710	2,468,710	-	-
Total assets at fair value	<u>\$ 4,067,418</u>	<u>\$ 4,067,418</u>	<u>\$ -</u>	<u>\$ -</u>
Assets at Fair Value as of June 30, 2022				
	Total	Level 1	Level 2	Level 3
Assets at fair value:				
Money market funds	\$ 120,012	\$ 120,012	\$ -	\$ -
Mutual funds:				
Equity funds	680,792	680,792	-	-
Bond funds	1,095,761	1,095,761	-	-
Exchange traded funds	1,887,056	1,887,056	-	-
Total assets at fair value	<u>\$ 3,783,621</u>	<u>\$ 3,783,621</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Board designated reserve and endowment funds

The Organization has developed both a Board designated reserve and a Board designated endowment fund. The funds are held in separate investment accounts and are managed by investment advisors in accordance with the Organization's investment policy, which is approved by majority vote of the Board of Directors.

Board designated reserves

The Board has established a reserve with the intention of creating a reserve equal to two months of operating expenses, approximating \$600,000. The Organization's current cash flows do not create an immediate need to use these funds for current operations, but could make them available upon Board approval. These funds are presented as Investments - Board reserves on the accompanying statements of financial position and were invested in mutual funds during the year ended June 30, 2022. During the year ended June 30, 2023, the Organization transferred \$500,000 from the mutual funds to FDIC insured certificates of deposit. During the year ended June 30, 2022, the Organization approved \$497,659 addition to the Board designated reserves. No funds have been approved for expenditure in the coming year. At June 30, 2023 and 2022, total reserve was \$530,312 and \$514,173, respectively.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 5 - Board designated reserve and endowment funds (continued)

Board designated endowment

The Organization developed a Board designated endowment for the long-term sustainability of the Organization. The funds are invested in a separate investment account and are managed based on the policies established by the Board of Directors. The Organization does not intend to use these funds for current operations, but could make them available upon Board approval.

Investment policy

The primary investment objectives are the preservation of capital and purchasing power, and long-term growth of assets. The Organization manages its assets from the perspective of the total portfolio return targeting a time-weighted rate of return of 3%, after fees and costs. The Organization seeks to achieve growth of the portfolio at a moderate rate in excess of inflation with asset allocation diversified across multiple markets and asset classes. In managing the asset allocation policy, the Organization establishes long-term targets and ranges to provide a structure for implementation, ongoing decision making and evaluation and approving any deviation from any targeted strategy taken by the investment managers. These targets are reviewed annually and revised to accommodate changes in the goals and objectives of the funds.

Spending policy

The Organization's policy for appropriating annual distributions limits the spending policy amount to the amount as approved by the Board of Directors, with consideration of prudent spending guidelines. During the years ended June 30, 2023 and 2022, there were no earnings appropriated from the endowment funds.

The table below represents a summary of the board designated endowment activities during the years ended June 30, 2023 and 2022:

	Board Designated Endowment
Balance, July 1, 2021	\$ 3,157,015
Contributions	547,600
Appropriation for expenditures	-
Net investment loss	(417,561)
Management fees	(17,606)
Balance, June 30, 2022	3,269,448
Contributions	-
Appropriation for expenditures	-
Net investment gain	284,241
Management fees	(16,583)
Balance, June 30, 2023	<u>\$ 3,537,106</u>

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 6 - Property and equipment

Property and equipment consisted of the following at June 30, 2023 and 2022:

	June 30,	
	2023	2022
Machinery and equipment	\$ 258,647	\$ 248,419
Furniture and fixtures	138,124	138,124
Leasehold improvements	187,227	183,727
	583,998	570,270
Less accumulated depreciation	(545,747)	(526,560)
	<u>\$ 38,251</u>	<u>\$ 43,710</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$19,187 and \$37,019, respectively.

Note 7 - Accrued expenses

Accrued expenses consisted of the following at June 30, 2023 and 2022:

	June 30,	
	2023	2022
Accrued payroll and related taxes	\$ 144,240	\$ 104,386
Accrued vacation	185,294	211,325
Other expenses	12,902	-
	<u>\$ 342,436</u>	<u>\$ 315,711</u>

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 8 - Paycheck Protection Program

In April 2020, the Organization received loan proceeds in the amount of \$547,600 under the Paycheck Protection Program ("PPP"). The PPP, established as part of the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"), provided for loans to qualifying businesses for amounts of up to 2.5 times the average monthly payroll expenses of the qualifying business for the qualifying time period. The loan and accrued interest are forgivable after the applicable time period as defined in the CARES Act as long as the borrower uses the loan proceeds for eligible purposes, including payroll, defined benefits, rent and utilities, and maintains its payroll levels.

In January 2021, the Organization received full forgiveness of the principal balance of \$547,600 and all accrued interest was fully forgiven by the SBA and lending institution.

In May 2021, the Organization obtained a second PPP loan in the amount of \$503,000, which may be forgiven if spent on qualifying expenses during the covered period. The repayment terms of the second round of funding were similar to the terms of the original PPP loan.

In July 2022, upon completion of the loan forgiveness review by the SBA, the Organization received a confirmation that the principal loan balance of \$503,000 and all accrued interest have been forgiven in full, and the SBA has remitted these amounts to the lender in satisfaction of the Organization's obligation.

Note 9 - In-kind contributions

In fiscal year 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* using a retrospective method. The guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity has received.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 9 - In-kind contributions (continued)

The following table summarizes the categories of contributed nonfinancial assets and other required qualitative disclosures:

	Utilization in Programs/Activities	Valuation Techniques and Inputs	Revenue Recognized Year ended June 30,	
			2023	2022
Rent	Program and general and management support	Valuation is provided annually by the donor and is based on comparable rental price in the San Francisco Bay Area real estate market.	\$ 115,241	\$ 127,215
Sporting events, travel, and entertainment	Program and fundraising support	Valuation is provided to the Organization by the donor and approximates the value that would be received for selling similar product on the market. *Valuation of items sold at auctions is based on the cash proceeds received.	102,769	82,183
Clothing and hygiene items, toys	Program support	Valuation is provided to the Organization by the donor and approximates the value that would be received for selling similar product on the market.	102,062	71,198
Food and Beverages	Program and fundraising support	Valuation is provided to the Organization by the donor and approximates the value that would be received for selling similar product on the market. *Valuation of items sold at auctions is based on the cash proceeds received.	2,657	4,250
Professional Services	General and management support	Valuation is provided by the donor and is based on the price the Organization would pay for similar services on the market.	2,588	3,900
			<u>\$ 325,317</u>	<u>\$ 288,746</u>

The in-kind facilities is received from the Sobrato Foundation on a month-to-month agreement for the Organization's office space.

CHILD ADVOCATES OF SILICON VALLEY, INC.

Notes to Financial Statements

June 30, 2023 and 2022

Note 10 - Employee benefit plan

The Organization provides a 403(b) Plan for employees who work 750 or more hours per year. Under this plan, eligible employees may elect to contribute a portion of their salary, on a pre-tax basis. The Organization may also make contributions on behalf of each eligible employee who works a minimum of 750 hours per year, and credit such contributions to the participant's account. Contributions will be determined at the sole discretion of the Executive Director, Human Resources Committee and Board of Directors, depending on the financial and operational performance of the Organization during each fiscal year. Contributions to the employee accounts will occur in July, following the assessment of the agency's prior year performance. An employee must be in active status as of the last day of the fiscal year and in good standing to receive the contribution. Contributions made to a participating employee's account by the Organization are fully vested. The contributions for the year ended June 30, 2023 amounted to \$30,000. The Organization did not make any contributions to the plan during the year ended June 30, 2022.

Note 11 - Concentrations, risks and uncertainties

Risks associated with cash are mitigated by maintaining balances in multiple credit-worthy financial institutions. The Organization maintains its cash in bank deposit accounts, which, at times, may exceed amounts insured by the Federal Deposit Insurance Corporation. As of June 30, 2023 and 2022, the Organization has not experienced any losses on such accounts. Management believes that the Organization is not exposed to any significant credit risk related to concentrations.

The Organization holds investments in various investment vehicles outlined above. These securities are exposed to various risks such as interest rate and market risks. Due to the level of risk associated with these securities and the level of uncertainty related to changes in value, it is at least reasonably possible that changes in the risk factors will occur in the near term that could materially affect the value of the investments reported in the accompanying financial statements.

Various uncertainties exist in the current global, economic, and political environment. Domestic and international economies continue to face uncertainty related to the global pandemic, geopolitical tensions, and economic instability. The extent of the impact of these uncertainties on the Organization's operational and financial performance and on its employees, funders and vendors, will depend on future developments that cannot be predicted. At this point, the extent to which such uncertainties may impact the Organization's financial condition or results of operations is uncertain.

Note 12 - Reclassification

Certain reclassifications have been made to the June 30, 2022 financial statements to conform to the June 30, 2023 financial statements presentation, having no impact on the previously reported net assets.